

Top tips to take your HMR to the next level

The market for Home Meal Replacements (HMR) presents many opportunities to retailers. For consumers, looking at it from the outside, it might seem like a straightforward, low-risk, high-gain venture. The corporate chains, including Woolworths, Spar, Food Lover's Market, Pick n Pay and Checkers, as well as many of the independents, have had great success in HMR. Many small delis and other specialist stores have also found a niche here. But no matter the size of the store, all retailers will tell you it takes attention, proper planning, and hard work to make a profit in this department – and even then, you may not succeed at first.

Innovation and demand in HMR products and availability has grown steadily over the past 20 years – up until Covid-19. Then home cooking and preparing from scratch took precedence, due to cooked food closures and lockdown restrictions. However, further growth and expansion are well expected going into 2021.

HMR going forward into 2021

The nation-wide standstill brought about by the Covid-19 lockdown in South Africa in 2020 resulted



HMR CATEGORIES



Home Meal Replacement can be segmented by product type or application. Three types of HMR product categories can be distinguished, namely:

- Ready to Cook (RTC)
- Ready to Heat (RTH)
- Ready to Eat (RTE)

HMR by application can be divided in four broad categories:

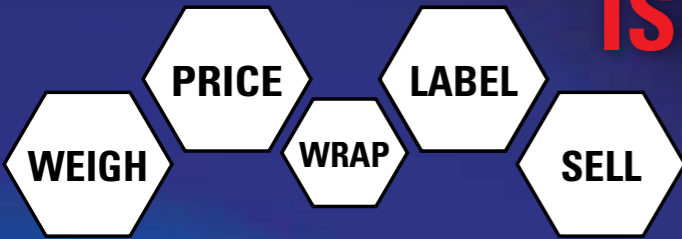
- Single-person households
- Older citizens
- Dual income households
- Families, special events and others

in people spending more time at home and having more time to cook and bake as a family. Apart from the economic uncertainties inhibiting consumer spending, South Africans suddenly had more time on their hands and less to do in that time.



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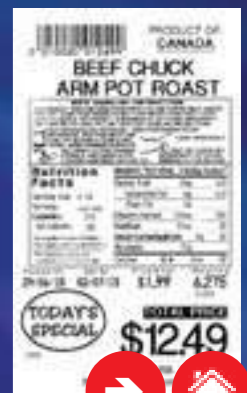
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These lifestyle changes and restraints impacted heavily on HMR, which took a huge downturn, especially in the second quarter of 2020. But with the Level 1 opening of the economy in the fourth quarter, and more people returning to the office, HMR sales started picking up as consumers are once again becoming more time deficient.

Travis Coppin, Head of Marketing and Buying for the Food Lover's Market group says: "There will always be a massive place in the market for HMR, regardless of the recent pressures on the category."

The enticement of home meal replacements

With a carefully planned and unique Home Meal Replacement product range, supermarkets and other retail stores could potentially become known for a unique offering that can only be found at their store. This is the goal of HMR – to create a unique taste and experience, and along with that to build such awareness around your brand that it creates a demand only your store can satisfy. You can do this through credibility, reputation, and customer satisfaction. To build a valuable HMR brand, you must make it meaningful for your customers."

<https://www.articulatemarketing.com/blog/strengthen-your-brand>

To give meaning to your HMR brand:

- **Make it symbolic.** A purchase decision is made from more than practical consideration. If your store links its brand to the improvement of the lives of the less fortunate by donating profits from HMR to a feeding scheme, for example, you'll build community relationships.



The ultimate goal of HMR is to create a unique brand, a unique taste and a that-was-amazing experience, so that it becomes part and parcel of your brand reputation.



Consumer habits have significantly changed since the onset of Covid-19.

- **Make it a status symbol.** All value is perceived value. Always strive to elevate the perception of your brand and products through your store's actions, positioning in the market and marketing endeavours.
- **Connect to emotions.** While service may be similar, a product presented with an emotional connection can create the perception that the connected brand exceeds customer expectations.

The new shopper normal

At the end of May 2020, market research company Nielsen South Africa conducted a significant report analysing how the mindsets and behaviour of South African shoppers evolved during the nationwide lockdown.

The report details a number of findings:

- **'Hit-and-run' shopping:** South African shoppers are no longer bulk buying, but shop for everyday items on the basis of getting in and out of stores as fast as possible.
- **Convenience shopping:** Because of the 'hit-and-run' trend, trips to pharmacies and petrol station convenience stores were the most common among shoppers.
- **Online shopping increased:** The study indicated that online shopping went up significantly. At least 24% more shoppers said they shopped online 'in the last week', with 58% of shoppers visiting a new online store in the same period.

- Home-based meal preparation: During lockdown, with many restaurants closed, grocery budgets limited and cooking tutorials readily available online, many people took the extra time to take up cooking and baking as a hobby.

<https://www.timeslive.co.za/news/south-africa/2020-07-14-south-africans-opt-for-get-in-get-out-asap-approach-to-shopping/>



“Customers spending less time in-store means that they take quicker decisions about buying, and that you have less time to convince them to buy. Therefore, your in-store displays and samples need to be more enticing and clearly defined than before.”

The science behind success

To run a successful HMR department, you have to get the science behind it right. The high health and safety requirements for HMR makes the cost of the product extremely high. As a retailer, you can't afford to throw product away, so you might have to bargain on selling 8 out of 10 at full price and the other two at half-price.

Travis Coppin expands: "We all know HMR come at a premium price. This, coupled with its short shelf life, makes it a difficult product to



The key to success with Bain Marie-type offers lies in proper planning to ensure the product is available, and how much profit to make from it. Shown here is a Food Lover's Eatery in Hermanus.

manage and any mistakes along the supply chain can result in large losses for the group. From a HMR profitability point of view, it's therefore very important to employ constant stock level management to ensure you have minimal waste and markdowns."

With HMR, you must basically reverse engineer the product. Start with the price point, and then develop the product to ensure your margin is high enough and your costing is right, for example, if someone will pay R100 for a tray of lasagna,

can you make it for that price and make profit on it? If not, then there's no point in doing it. Hot ready-to-eat offerings require proper planning and knowing when to have your product available, and in which quantities.

It is also important to remember that the terms 'affordable' and 'value' have different meanings for different people. Getting to know your customers, their schedules and their preferences should be your first priority when planning your HMR range.

Opportunities abound

Two years ago, Gregg Abell, a restaurant professional with 15 years' experience in the food industry, started doing food tours through a company focusing on experiential travel.

When Covid-19 came along and local and international travel as well as events were banned, Abell realised that they would have to reinvent the company and come up with a new business model that would enable them to survive.

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In a globalized world of constant change, we as innovation leaders think it is important to act sustainably and in view to the future. It is our duty to set standards which the following generations can build upon – about environment aspects as well as the ability to finance our future.



The advantages are obvious: Product safety, lower running costs.

AHT showed a “HERO retro chest” at Euroshop that has been used successfully every day for over 20 years. AHT was already focused on energy efficiency at that time. Since then, the technology for the presentation and storage of refrigerated and frozen goods has been continuously improved through more efficient components and new control strategies. As a result, it is now possible to achieve a daily energy consumption of less than 4kWh even with units that have a net volume of 1000 litres and more.

AHT is making a clear statement in regard to the global climate discussion. The most efficient island freezers are those with the closed glass tops. We are seeing a massive drive towards the R290 self-contained units.

With this update that has been in use since 2019, we emphasize our expertise in energy efficiency. We have once again managed to reduce the energy consumption of the AHT chest freezer fleet by up to 20%. It makes us especially proud that we have achieved these savings and at the same time have also optimized product temperature safety in combination with our new defrosting concept. Thanks to this efficiency, with the update, we have managed to achieve the lowest energy consumption in the industry. By using eco-friendly propane, AHT refrigeration technology lets the environment breathe.



Energy efficiency & Cost savings are critical in every supermarket, but how does a store go about achieving concrete savings in the current climate?

Plug-in for cool sales success

AHT is the inventor of the plug-in installation: the revolutionary Plug & Chill concept makes AHT's refrigerated multideck cabinets and chest freezers the logical choice for supermarkets to buy.

Sustainable cost reduction

Thanks to the complete integration of all the refrigeration components, no additional installation costs are incurred. This ensures that AHT appliances are convenient and reduces the cost of developing and/or refurbishing supermarkets.

1998 to 2020 AHT is continuously expanding our position as a world leader – these principles guide us in everything we think and do!



Travis Coppin, Head of Marketing and Buying at the Food Lover's Market Group, believes that there will always be a massive place in the market for Home Meal Replacements, especially as people's lives start getting busier again.

Abell lives in Westdene, Johannesburg, a supportive, neighbourly community. "The final concept of our new model was inspired by the people in the neighbourhood, some of whom started doing baking and cooking and selling their artisanal food items on the local WhatsApp area and street groups," says Abell, founder and CEO of Artisanal Neighbour. Abell realised that many of the products were top quality, but these small suppliers did not have the means to make their production commercially feasible.



"We had all these people doing amazing things, but with no formal offset, they can't make it commercially viable," said Abell. "So, we thought, let's put it under a label, let's repackage it sustainably. Let's make these products commercially viable and do it as an online store, at the right price point."

Abell is not alone in his thinking. Many other restaurateurs, retailers and home-cooks alike have also pursued the perceived gap in the market.

And while the market might be down at the moment, as people once again become busier, go back to office work at least some of the time, and the economy picks up as the promise of a vaccine gets closer, they will once again look to HMR at the end of the day.

Food trends

These are some of the top food trends to take note of in HMR right now:

- **Banting or low carb.** The concept of increasing animal fat and protein intake while drastically reducing carbohydrate intake struck a chord with South Africa consumers, the majority of whom are still meat-eaters. Products inspired by the 'banting' diet from Professor Tim Noakes has been widely adopted in supermarket HMR offerings, as well as restaurants and seems to be here to stay.
- **Plant-based protein.** On the other hand, plant-based proteins are growing in popularity, along with the global emphasis on sustainable living – plant-based being more sustainable than animal protein. "I think any meat-replacement products and plant-based proteins are going to get bigger and bigger. People are not necessarily going to become vegan but are replacing more of their weekly meals with meat-free options," says Food Lover's Coppin.
- **Meal-kits and appliances.** For many people, the restrictions of lockdown in 2020 served as a reminder of how nice it is to cook at home and spend time with the family around a home-

cooked meal. Many people starting baking for the first time, for example. Greg Abell agrees. “Going forward, I think meal-kits will be a huge thing. We are planning to do a whole range of meal-kits, for example bread-kits with 100-year-old sourdough, pizza kits, cheese-making kits, self-catering kits for breakfast, lunch or dinner if you are travelling.” Along with the ready-to-cook or ready-to-assemble trend arises a need for the specialist appliances such as coffee grinders, pizza ovens and various types of braais to prepare these meals in.

The need to connect

Along with the new shopping patterns that have emerged, the effectiveness of traditional marketing is giving way to a preference for engaging, integrated and multisensory customer experiences.

● A personal shopping experience

People have a need to connect and have their interests and needs recognised. Today’s customers expect their needs to be anticipated and that the store manager or owner engage with them. Food Lover’s Coppin corroborates the importance of engaging customers instore.

“While offering great quality and price is important to us, service is equally significant. I cannot stress enough the importance of engaging with customers directly in-store. With the increase in consumer activity online, service and experience can still set you apart from your competitor.”



The concept of Artisanal-Neighbour was inspired by the HMR produce of the local community of Westdene, Johannesburg. They believe in featuring the local food artists and telling their story. Shown here is Marc the Belgian baker’s story displayed next to his bread kits.



Artisanal-Neighbour’s in-store display unit in Umhlanga Spar.

● Online accelerated

People are shopping more online because of health and safety, but they are also spending more time online in general. This is combined with an increased trend of customers not lingering or chatting in-store.

This means that, for many stores catering to the middle- or upper LSMs, much foot traffic has now migrated online. You don’t necessarily need an online store or app – a Facebook business or community page can work wonders to keep in touch with customers and communicate product offers.

An example of this is how Woolworths adapted to the sharp drop in HMR trade in 2020 by tapping into the home cooking trend through their cooking magazine Taste. After the initial traffic spikes in



Coppin identifies plant-based protein products as one of the trends he thinks has the most potential for growth.

website visits attributed to the hard lockdown, the number of unique visitors to Taste is still significantly higher than pre-Covid levels. Taste.co.za attracted 284 605 visitors in July 2020, which is a 77% increase year on year and a 57% increase when compared to January 2020. Taste's social media footprint has also grown 23% since January 2020 and stands at 360 000, a 34% increase compared to July 2019.

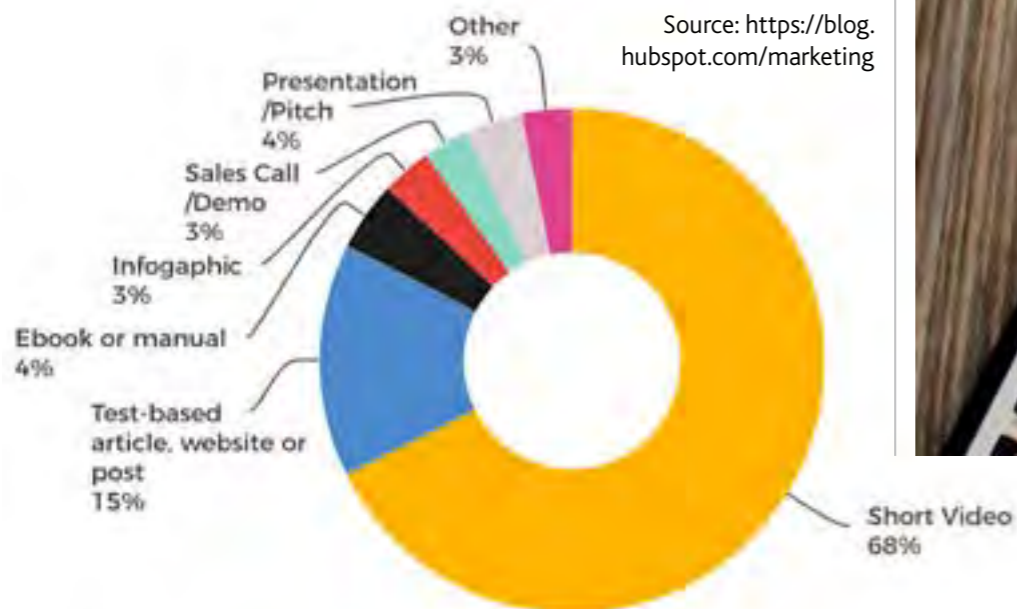
<https://www.bizcommunity.com/Article/196/39/207221.html>

● The power of video

A study conducted by Wyzowl found that most people prefer to learn about a new product or service through video (see chart below). While a decade ago video was generally understood to be an expensive luxury, it is now commonplace and accessible to everyone with a smart phone. In addition, live video typically gets three times as many views as pre-recorded video.

<https://www.wyzowl.com/video-marketing-statistics-2020/>

How do you most prefer to learn about a new product or service?



Abell mentions that an integral part of Artisanal Neighbour's marketing plan is to shoot videos with their suppliers and do tutorial videos.



Gregg Abell, founder and director of Artisanal-Neighbour, believes that meal kits are making a huge comeback, especially with people staying and cooking at home more often.



Success in HMR takes careful calculation, planning and training.

"You will be able to go online and watch Marc Vogels [Belgian chef and supplier of baked goods and baking kits to Artisanal Neighbour] make all the different breads. Or you can sign up to the newsletters, and each one has how-to tutorials. The website will function as a reference point which people can use to upskill themselves and actually see who they are buying from."

The value of memorable experiences

Smart retailers understand the value of memorable experiences. By associating your HMR range with a positive experience, you can stimulate favourable buying responses.

For example, the 'Eat In' campaign Woolworths Food ran gave consumers the convenience of eating at home with the luxury of a professionally paired meal selection, marketed to be reminiscent of the experience of 'Dining Out'.



Video currently has the most power of any advertising medium and is much more accessible now than 10 years ago.



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“An increasing number of consumers are becoming aware of the detrimental effect that non-recyclable materials such as plastic and Styrofoam has on the environment.”

Consider packaging

Recyclable and sustainable packaging for HMR is currently still more expensive than the unsustainable alternatives, but by refusing to package your HMR sustainably, you might lose some loyal customers.

A large part of the concept of Artisanal Neighbour was developing sustainable and reusable packaging materials for their range of HMR offerings.



Abell comments, "Sustainable packaging does up the price of the product quite a bit. But even with that, we can still price compare with corporate HMR and come in under. It won't be the cheapest item, but it will be comparable. People will, however, need to buy into the concept of wanting to support local and be green."

Making the shopper's life easier

Ultimately, a good HMR product is a lifesaver for many a person living alone, busy mother, a family looking for interesting meal alternatives or a make-my-life-easier option. It's the combination of convenience, giving oneself a night off from meal preparation, choosing something not normally prepared at home and knowing the quality is not compromised that makes HMR so delectably tempting for your customers. HMR can turn your store into a destination shop – and one they'll keep coming back to, time and again. **SR**



Marguerite Sanders is an autodidactic writer and designer with a passion for creative problem-solving. Nowadays she writes for business, and on business, specialising in retail and tech. Her writing and art have been published on various online platforms and in print. She holds a B.A. Fine Arts degree and has completed additional courses on the business and professional practise of art, and a few modules of philosophy. Contact Wilkins Ross Communications at marguerite@wilkinsross.co.za.



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